

# Wisconsin Legislative Council

## ACT MEMO



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### 2025 Wisconsin Act 16 [2025 Assembly Bill 140]

### Data Center Tax Incremental Districts

## BACKGROUND

Current law states that when creating or amending a tax incremental district (TID), a municipality must comply with the “12% limit” rule. Generally, the 12% limit rule provides that the equalized value of a new or amended TID plus the value increment of any existing and active TIDs may not exceed 12 percent of the total equalized value in the municipality.

## 2025 WISCONSIN ACT 16

2025 Wisconsin Act 16 creates a new exception to the 12% limit rule for TIDs in the Cities of Port Washington and Beaver Dam that contain certain data centers. The act defines a data center as a qualified data center that has been certified by the Wisconsin Economic Development Corporation (WEDC) under s. [238.40](#), Stats., and defines a data center district as a TID that contains a data center within its boundaries. Under the act, if all project costs of a data center district are related to a data center located within the district, the 12% limit rule does not apply to the creation or amendment of the data center district, and the value increment of the data center district is not included when calculating the 12% limit for new or amended TIDs.

Certain limitations apply to a data center district in order to maintain the exemption from the 12% limit. First, the project plan cannot be amended to include project costs unrelated to a data center within the district. Second, the planning commission of a data center district cannot amend the project plan to allocate positive tax increments for certain uses otherwise allowed under statute. Specifically, positive increments from an exempted data center district cannot be allocated towards the following:

- A distressed or severely distressed TID.
- A TID with soil affected by environmental pollutants to the extent that the development cannot proceed according to the project plan because of the pollution.
- Another TID in the same overlying taxing jurisdictions.
- Another TID or environmental remediation TID in the same overlying taxing jurisdiction that meets one of the criteria in s. [66.1105 \(6\) \(f\) 2.](#), Stats.

This exception applies to TID Number 5 in the City of Port Washington if it is created before January 1, 2028, and TID Number 10 in the City of Beaver Dam.

**Effective date:** July 10, 2025

For a full history of the bill, visit the Legislature’s [bill history page](#).

AG:jal